

**ABINGTON TOWNSHIP**  
**NON-UNIFORMED PENSION PLAN**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

Date Prepared: April 29, 2020

The accompanying financial statements and notes were prepared based upon information provided by the municipality, its financial institution(s), and actuary. The Statement of Fiduciary Net Position was prepared as of December 31, 2019. The Statement of Changes in Fiduciary Net Position was prepared for the year ended December 31, 2019. The financial statements and notes should not be considered an Audit, Review, or Compilation Report as defined by the American Institute of Certified Public Accountants.

***James P. Kennedy, President***

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**ABINGTON TOWNSHIP NON-UNIFORMED PENSION PLAN**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

<b><u>TABLE OF CONTENTS</u></b>	<b><u>PAGE</u></b>
Financial Statements	
- Statement of Fiduciary Net Position	2
- Statement of Changes in Fiduciary Net Position	3
Notes to the Financial Statements	4-11
GASB 67 Required Supplementary Information	13-14
GASB 68 AON Report	Appendix

**ABINGTON TOWNSHIP NON-UNIFORMED PENSION PLAN**

**Statement of Fiduciary Net Position  
as of December 31, 2019**

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<b><u>ASSETS</u></b>	<b><u>2019</u></b>
Cash and short-term investments	1,084,367
Act 44 DROP Balance	237,574
Receivables:	
Employee Contributions	2,919
Accrued Income	<u>1,328</u>
Total Receivables	4,247
Investments, at fair value:	
Mutual Funds	60,663,561
 TOTAL ASSETS	 61,989,749
 <b><u>LIABILITIES</u></b>	
Refund of Employee Contributions	2,208
Pension Benefit Payable	<u>2,148</u>
 TOTAL LIABILITIES	 4,356

<b>Net Position Restricted for Pensions</b>	<b>61,985,393</b>
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**ABINGTON TOWNSHIP NON-UNIFORMED PENSION PLAN**

**Statement of Changes in Fiduciary Net Position  
for the year ended December 31, 2019**

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<b><u>ADDITIONS</u></b>	<b><u>2019</u></b>
Contributions:	
Employee	454,359
Commonwealth	<u>518,168</u>
Total Contributions	972,527
Investment Income:	
Net appreciation (depreciation) in fair value of investments	9,705,959
Interest/Accrued Income	16,164
DROP Interest Income	10,800
Dividend Income	<u>1,302,681</u>
Total Investment Income	11,035,604
Less Investment Expenses	<u>(65,513)</u>
Net Investment Income	10,970,091
TOTAL ADDITIONS	11,942,618
<b><u>DEDUCTIONS</u></b>	
Pension Payments	3,187,779
DROP Lump Sum Distributions	609,366
Administrative Expenses	36,610
Refund of Employee Contributions	<u>29,756</u>
TOTAL DEDUCTIONS	3,863,512
Net Increase in Net Position	8,079,106
Net Position Restricted for Pensions:	
Beginning of Year 2019	53,906,287
End of Year 2019	61,985,393

**ABINGTON TOWNSHIP NON-UNIFORMED PENSION PLAN  
NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2019**

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**NOTE 1 – PLAN DESCRIPTION**

**Plan Administration**

The Abington Township Non-Uniformed Pension Plan is a single-employer defined benefit pension plan covering the full-time non-uniformed employees hired prior to December 31, 2015. The Plan was established effective December 1, 1952 and was restated by Resolution No.14-032, effective January 1, 2014. The Plan is governed by the Board of Township Commissioners. The Board of Township Commissioners has delegated the authority to manage Plan assets to PFM Asset Management, LLC.

**Plan Membership**

As of December 31, 2019, membership consisted of:

Inactive Plan Members Currently Receiving Benefits	129
Inactive Plan Members Entitled to but not yet Receiving Benefits	8
Active Plan Members	<u>124</u>
TOTAL	261

**Benefits Provided**

The following is a summary of the Plan benefit provisions:

- Eligibility Requirements:
  - Normal Retirement: Age 65 or age plus service equals 85.
  - Early Retirement: Age 55 with 10 years of credited service.
  - Vesting: 100% after 5 years of credited service.
- Retirement Benefit: 2% of final average earnings multiplied by years and months of credited service.
- Survivor Benefit: Before retirement - a refund of employee contributions plus interest. After retirement – based upon retirement benefit option selected.
- Disability Benefit Service & Non-Service Related: 5 or more years of service – continued accrual of benefits until Normal Retirement Date at which time benefits commence.

## ABINGTON TOWNSHIP NON-UNIFORMED PENSION PLAN

### NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

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- Post Retirement Adjustments: For members who retire on or after January 1, 1991, each January 1st benefits are adjusted according to the consumer price index for all urban consumers not to exceed 4%. For retirements from 1/1/1991 to 1/1/98, the total cola shall not exceed 24%. For retirements on or after 1/1/1999 the total cola shall not exceed 50%.
  - Post Act 44 DROP Benefit: An active member who has met the eligibility requirements for normal retirement may elect to participate in the DROP for a period of up to 24 months.
  - Members Contributions:
    - Amount or Rate: 4%
    - Interest Rate Credited to Member Contributions: 5%

#### **Contributions and Funding Policy**

Act 205 of 1984, the Municipal Pension Plan Funding Standard and Recovery Act, initiated actuarial funding requirements for Pennsylvania municipal pension plans. Under Act 205 provisions, a municipal budget must provide for the full payment of the minimum municipal obligation (MMO) to each employee pension fund of the municipality. Act 189 of 1990 amended Act 205 and redefined the calculation used to determine the MMO to employee pension funds. The MMO is now defined as the total financial requirements to the pension fund, less funding adjustments and estimated member contributions.

As a condition of participation, full-time employees are required to contribute 5% of compensation to the Plan. This contribution is governed by the Plan's ordinances and collective bargaining agreement. In accordance with Act 205, as amended, the Township was not required to contribute to the Plan for the year 2019 as shown in the exhibit below:

#### **Financial Requirement and Minimum Municipal Obligation Budget for 2019:**

Total Annual Payroll .....	\$ 9,522,178
Normal Cost as a Percentage of Payroll .....	12.71%
Total Normal Cost .....	\$ 1,210,269
Estimated Administrative Expenses .....	\$ 40,000
Funding Adjustment .....	<\$ 255,993>
Estimated Members' Contributions .....	<\$ 476,108>
Minimum Municipal Obligation .....	\$ 518,168
<Less Actual State Aid Deposited into Plan> .....	<\$ 518,168>
<b>REQUIRED MUNICIPAL OBLIGATION</b>	<b>\$ 0</b>

# ABINGTON TOWNSHIP NON-UNIFORMED PENSION PLAN

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

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### Three Year Funding Trend

<u>Year Ended December 31</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2017	672,666	100%	0
2018	552,359	100%	0
2019	518,168	100%	0

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Accounting

The Plan's financial statements are prepared using the accrual basis of accounting. Plan pension payments and member/employer contributions are recognized in the period in which they are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

#### Method Used to Value Investments

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

#### Expenses

Investment expenses consist of investment management, custodial fees, and other significant investment related costs. Administrative expenses consist of consulting, actuarial, legal, and accounting services, along with any other significant Plan related costs. The above expenses are allowable pension Plan expenditures in accordance with Act 205 and may be funded with Plan assets.

#### Adoption of Accounting Standards

GASB Statement 40, Deposit and Investment Risk Disclosures, was effective for periods beginning after June 15, 2004. GASB Statement 67, Financial Reporting for Pension Plans, was effective for fiscal years beginning after June 15, 2013. The Plan has adopted GASB 40 in previous financial statements and GASB 67 beginning with the 2014 financial statements.

**ABINGTON TOWNSHIP NON-UNIFORMED PENSION PLAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2019**

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**NOTE 3 – INVESTMENTS**

The deposits and investments of the Plan are held separately from those of the Township and are under the control of the Plan's Board of Commissioners.

**Investment Policy Summary**

The Plan's investment policy in regard to the allocation of invested assets is established and may be amended by the Township Board of Commissioners and Pension Board. The objective of the investment strategy is to reduce risk while maximizing returns through the prudent diversification of the portfolio in order to maintain a fully funded status and meet the benefit and expense obligations when due. The Plan's formal Investment Policy Statement which is revised periodically provides more comprehensive details on investment strategy and authorized investments.

The Plan's investment policy establishes the following target allocation across asset classes:

<b><u>Asset Class</u></b>	<b><u>Target</u></b>	<b><u>Long Term Expected Real Rate of Return</u></b>
US Equity	42.00%	4.90%
International Equity	16.00%	4.80%
Emerging Equity	7.00%	4.90%
Core Fixed Income	17.50%	2.40%
Intermediate Inv. Grade Corp.	8.75%	3.30%
High Yield	4.38%	3.90%
Emerging Debt	4.38%	4.00%
Cash	0.00%	<u>0.80%</u>
Total Net Blended Return		4.22%*

\*- Excludes 2.50% inflation assumption.

Long Term Expected Rate of Return (Including Inflation)	6.72%
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The long-term expected rate of return on the Plan's investments was determined using an asset allocation study conducted by the Plan's investment management consultant in December 2019 in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-

**ABINGTON TOWNSHIP NON-UNIFORMED PENSION PLAN  
NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2019**

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term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best-estimates or arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of December 31, 2019 are listed in the table above.

**Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributable to the magnitude of a Plan's investment in a single issuer. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. The Plan does have a formal investment policy that addresses concentration of credit risk. As of December 31, 2019, no investment in any one organization represented five percent (5%) or more of the Plan's fiduciary net position.

**Rate of Return**

For the year ended December 31, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 20.4 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Deposits and Investments**

The Plan's deposits and investments are governed by Title 20 of the Pennsylvania Consolidated Statutes, Chapter 73 Municipalities Investments, Section 7302.

**Deposits**

The Plan does not have a formal deposit policy that addresses custodial credit risk or foreign currency risk, however, the Plan held no deposits that were exposed to custodial credit risk or foreign currency risk as of December 31, 2019.

**Investments**

**Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Plan does not have a formal investment policy that addresses credit risk. The credit risk of a debt instrument as measured by a Nationally Recognized Statistical Rating Organization (NRSRO). (Morningstar for bond mutual funds or Moody's for bonds and mortgages) is as follows:

**ABINGTON TOWNSHIP NON-UNIFORMED PENSION PLAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2019**

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<u>Investment Type</u>	<u>Fair Value</u>	<u>Quality</u>
Bond Mutual Fund	\$16,560,622	A
Money Market Fund	<u>\$ 1,084,367</u>	Not Rated
<b>TOTAL</b>	<b><u>\$17,644,989</u></b>	

**Custodial Credit Risk**

Custodial credit risk for investments is the risk that in the event of the failure of the counterparty to a transaction, the Plan will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The Plan does not have a formal investment policy that addresses custodial credit risk, however, the Plan held no investments that were exposed to custodial credit risk at December 31, 2019.

**Foreign Currency Risk**

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Plan does not have a formal investment policy that addresses foreign currency risk, however, the Plan held no investments that were exposed to foreign currency risk as of December 31, 2019.

**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates that will adversely affect the fair value of an investment or a deposit. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment or a deposit. The Plan does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. As of December 31, 2019 the Plan's investment balance exposed to interest rate risk was as follows:

**ABINGTON TOWNSHIP NON-UNIFORMED PENSION PLAN**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2019**

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**Investment Maturities (in Years)**

<b><u>Investment Type</u></b>	<b><u>Fair Value</u></b>	<b><u>Duration 5.3 years</u></b>
Bond Mutual Funds	<u>\$16,560,622</u>	<u>\$16,560,622</u>
<b>TOTAL</b>	<b><u>\$16,560,622</u></b>	<b><u>\$16,560,622</u></b>

**NOTE 4 – PENSION LIABILITY**

**Net Pension Liability**

The components of the net pension liability of the Plan as of December 31, 2019 were as follows:

Total Pension Liability (TPL)	\$65,989,230
Plan Fiduciary Net Position	\$61,985,394
Net Pension Liability (NPL)	\$ 4,003,836
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	93.93%

Update procedures were used to roll forward to the plan's fiscal year ending December 31, 2019. The total pension liability was determined as part of an actuarial valuation at January 1, 2019 and rolled forward to December 31, 2019.

**Actuarial Assumptions**

An actuarial valuation of the total pension liability is performed biennially. This report was based upon the Plan's actuarial assumptions, asset valuation method, and cost method as described below:

Actuarial Valuation Date	January 1, 2019
Actuarial Cost Method	Entry Age
Amortization Method	Level Dollar
Remaining Amortization Period	N/A
Asset Valuation Method	Asset Smoothing

## ABINGTON TOWNSHIP NON-UNIFORMED PENSION PLAN

### NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

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#### Assumptions:

Inflation	2.10%
Salary Increases	4.50%
Investment Rate of Return	7.50% (Net of pension plan investment expense including inflation)
Retirement Age	See page 4

Mortality rates were based on the RP-2000 projected to 2017 using Scale AA with separate rates for males/females and annuitants/non-annuitants.

#### **Discount Rate**

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that municipal contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based upon the Plan's current target investment allocation and the associated long-term expected investment returns for its asset classes, the Plan's long-term returns may be less than its actuarial discount rate assumption used to determine its pension liability. This may result in future increased total and net pension liability.

#### **Net Pension Liability Sensitivity**

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability calculated using the discount rate of 7.50% as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate.

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Net Pension Liability	\$11,598,611	\$4,003,836	(\$2,479,915)

**ABINGTON TOWNSHIP NON-UNIFORMED PENSION PLAN**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2019**

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**NOTE 5 – RECONCILIATION OF MEMBERS’ CONTRIBUTIONS**

Members’ Contributions Deposited for 2019	\$ 454,359
<Less Members’ Contributions Deducted from Members’ Salaries>	<u>&lt;\$ 454,359&gt;</u>
Irreconcilable	\$ 0

**NOTE 6 – RECONCILIATION OF PENSION PAYMENTS**

Pensions Paid from Plan for 2019	\$3,187,779
<Less Pensioner Register>	<u>&lt;\$3,187,779&gt;</u>
Irreconcilable	\$ 0

**NOTE 7 – DEFERRED OPTION RETIREMENT PROGRAM**

An active member who has met the eligibility requirements for normal retirement may elect to participate in the DROP for a period of up to 24 months. The monthly pension shall be calculated as of the date of participation in the DROP. The DROP plan account balance is distributed to the member in a lump sum at the termination of DROP.

As of December 31, 2019, there were 5 members participating in the DROP program. The balance of the amounts held by the Plan pursuant to the DROP was \$231,321.

**ABINGTON TOWNSHIP NON-UNIFORMED PENSION PLAN  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
Last 10 Fiscal Years\***

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Actuarially determined contribution	\$1,069,091	\$1,139,029	\$782,023	\$672,666	\$552,359	\$518,168
Contributions made	<u>\$1,069,091</u>	<u>\$1,139,029</u>	<u>\$782,023</u>	<u>\$672,666</u>	<u>\$552,359</u>	<u>\$518,168</u>
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0
Covered-employee payroll	\$10,826,360	\$11,615,720	\$11,936,158	\$10,514,080	\$9,965,646	\$9,522,178
Contributions as a percentage of covered-employee payroll	9.87%	9.81%	6.55%	6.40%	5.54%	5.44%

\* This schedule will be presented on a prospective basis.

**ABINGTON TOWNSHIP NON-UNIFORMED PENSION PLAN  
SCHEDULE OF INVESTMENT RETURNS  
Last 10 Fiscal Years\***

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Annual money-weighted rate of return, net of investment expense	3.41%	-0.84%	6.53%	16.10%	-4.93%	20.40%

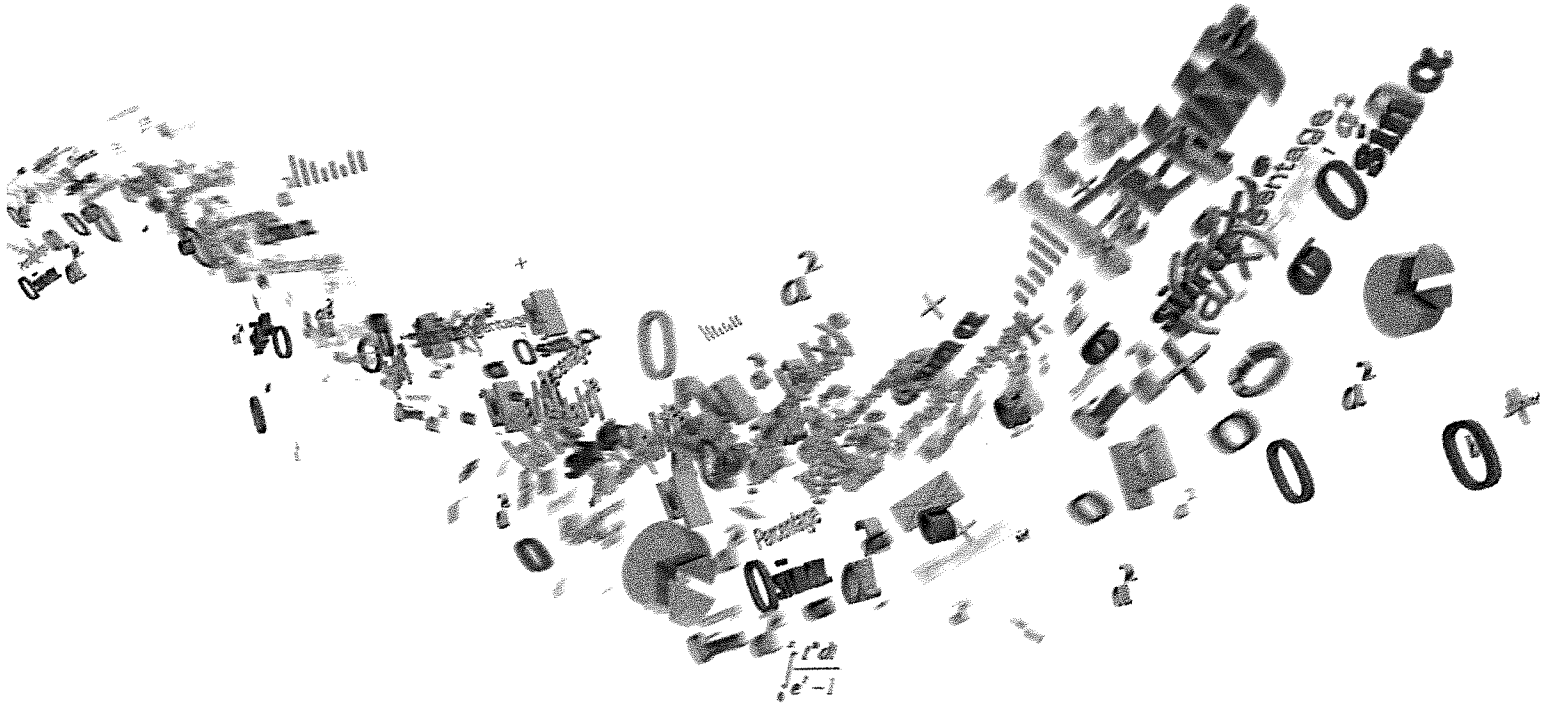
\* This schedule will be presented on a prospective basis.

Township of Abington Employees' Pension Plan GASB 67 Reporting for December 31, 2019  
Schedule of Changes in Plan's Net Pension Liability and Related Ratios  
Last 10 Fiscal Years\*

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b>Total Pension Liability</b>							
Service Cost	\$ 1,414,484	\$ 1,520,570	\$ 1,465,990	\$ 1,575,939	\$ 1,290,112	\$ 1,386,870	\$ 1,408,835
Interest	3,731,552	3,982,641	4,243,608	4,376,524	4,622,097	4,749,817	4,930,457
Changes of Benefit Terms	0	0	0	0	0	0	0
Differences Between Expected and Actual Experience	0	0	(1,966,705)	0	(1,136,534)	0	(2,732,618)
Changes in Assumptions	0	0	0	0	0	0	0
Benefit Payments, Including refund of EE contributions	(1,843,485)	(1,965,034)	(1,973,120)	(2,188,146)	(2,596,497)	(3,742,507)	(3,826,901)
Net Change in Total Pension Liability	\$ 3,302,550	\$ 3,538,178	\$ 1,769,773	\$ 3,764,317	\$ 2,179,178	\$ 2,394,180	\$ (220,227)
Total Pension Liability - BOY	\$ 49,261,281	\$ 52,563,831	\$ 56,102,009	\$ 57,871,782	\$ 61,636,099	\$ 63,815,277	\$ 66,209,457
Total Pension Liability - EOY	\$ 52,563,831	\$ 56,102,009	\$ 57,871,782	\$ 61,636,099	\$ 63,815,277	\$ 66,209,457	\$ 65,989,230
<b>Plan Fiduciary Net Position</b>							
Contributions - Employer	\$ 637,826	\$ 375,881	\$ 429,358	\$ -	\$ -	\$ -	\$ -
Contributions - State Aid	695,301	693,210	709,671	782,023	672,666	552,359	518,168
Contributions - Member	437,384	462,059	472,704	530,640	495,738	467,457	454,359
Net Investment Income	7,164,110	1,810,820	(425,016)	3,281,954	8,407,254	(2,907,339)	10,970,091
Benefit Payments, Including refund of EE contributions	(1,843,485)	(1,965,034)	(1,973,120)	(2,188,146)	(2,596,497)	(3,742,507)	(3,826,901)
Administrative Expenses	(39,830)	(23,938)	(55,380)	(33,453)	(32,991)	(25,505)	(36,610)
Net Change in Plan Fiduciary Net Position	\$ 7,051,305	\$ 1,352,998	\$ (841,783)	\$ 2,373,018	\$ 6,946,170	\$ (5,655,535)	\$ 8,079,107
Plan Net Position - Beginning	\$ 42,680,114	\$ 49,731,419	\$ 51,084,417	\$ 50,242,634	\$ 52,615,652	\$ 59,561,822	\$ 53,906,287
Plan Net Position - Ending	\$ 49,731,419	\$ 51,084,417	\$ 50,242,634	\$ 52,615,652	\$ 59,561,822	\$ 53,906,287	\$ 61,985,394
Plan's Net Pension Liability	\$ 2,832,413	\$ 5,017,592	\$ 7,629,148	\$ 9,020,447	\$ 4,253,455	\$ 12,303,170	\$ 4,003,836
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	94.61%	91.06%	86.82%	85.36%	93.33%	81.42%	93.93%
Covered Employee Payroll	\$ 10,996,227	\$ 11,491,057	\$ 11,550,355	\$ 12,070,121	\$ 10,152,399	\$ 10,609,257	\$ 9,109,039
Plan's Net Pension Liability as Percentage of Covered Employee Payroll	25.76%	43.67%	66.05%	74.73%	41.90%	115.97%	43.95%

\* This schedule will be presented on a prospective basis





# Township of Abington Employees' Pension Plan

Actuarial Valuation Report for the Fiscal Year Ending  
December 31, 2019 – Accounting under GASB 68



April 24, 2020

Township of Abington  
1176 Old York Road  
Abington, PA 19001

This report contains the results from the Township of Abington Employees' Pension Plan for the fiscal year ending December 31, 2019. The valuation is based on data sent to us by the Township, the Plan as described in the official plan document, the assets of the Plan as reported by the Funding Agents, and the stated actuarial assumptions.

The purposes of the actuarial valuation are:

- To determine the financial condition of the Plan.
- To provide information to be used in the preparation of the required government forms.
- To provide information for use in satisfying the requirements of your auditors.
- To provide information needed for the completion of financial statement disclosures under GASB statement 68.

In our opinion, this report is complete and accurate. The actuarial assumptions and methods used in this valuation are described in the Actuarial Assumptions and Methods section of this report. The Township of Abington selected the economic and demographic assumptions and prescribed them for use in the proper funding of its pension obligations. Aon provided guidance with respect to these assumptions and it is our belief that the assumptions represent reasonable expectations of anticipated plan experience with the exception of the mortality table assumption. The mortality table assumption is not the Aon standard and produces a liability that is below the range we would consider to be reasonable for purposes of the measurement based on current public sector mortality tables published by the Society of Actuaries.

Aon is pleased to submit this report of the Employees' Pension Plan to you, and will also be pleased to discuss any aspects of the report with you after you have had a chance to review it.

Respectfully submitted,

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Alfred H. Johnson, ASA, EA  
Associate Partner

Enrollment #20-06960

## Table of Contents

A. Comparative Summary of Principal Valuation Results .....	1
B. Financial Summary .....	2
C. GASB 68 Schedules.....	3
D. Plan Fiduciary Net Position Projection.....	13
E. Distribution of Inactive Participants by Age and Years of Retirement .....	17
F. Distribution of Active Participants by Age and Service .....	18
G. Actuarial Methods and Assumptions .....	19
H. Summary of the Principal Plan Provisions .....	22

## A. Comparative Summary of Principal Valuation Results

	Actuarial Valuation for Fiscal Year Ending		Percent Change
	<u>2017</u>	<u>2019</u>	
1. <u>Participant Data</u>			
Active Participants	156	134	(14.1) %
Retired Participants	120	126	5.0 %
Vested Terminated Participants	<u>10</u>	<u>12</u>	20.0 %
Total	286	272	(4.9) %
Total Payroll	10,152,399	9,111,575	(10.3) %
Average Pay	65,079	67,997	4.5 %
Average Age	49.4	49.8	0.8 %
Average Past Service	13.9	14.8	6.5 %

## B. Financial Summary

**Assets as of January 1, 2019** \$ 53,906,287

**Receipts**

State Aid	518,168	
Employer Contribution	0	
Employee Contribution	454,359	
Investment Return	11,035,604	
Total Receipts		\$ 12,008,131

**Disbursements**

Refund of Contributions	29,756	
Benefit Payments	3,797,145	
Investment Expenses	65,513	
Administrative Expenses	36,610	
Total Disbursements		\$ 3,929,024

**Assets as of December 31, 2019** \$ 61,985,394

**Annual Rate of Return**  
 Rate

**Market Value**  
 20.91%

**Assumed Rate**  
 7.50%

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1. Asset information as reported by Thomas J. Anderson and Associates.

## C. GASB 68 Schedules

### Unfunded Liability and Normal Cost

The following table illustrates the assets and liabilities as of the end of the Fiscal Year used for the development of the plan reporting information under GASB 68:

	2018	2019
1. Fair Market Value of Plan Assets	\$ 53,906,287	\$ 61,985,394
2. Accrued Liability		
a) Active	\$ 31,326,844	\$ 28,095,931
b) Inactive (not in pay status)	599,580	962,816
c) Inactive (in pay status)	34,283,033	36,930,483
d) Total	\$ 66,209,457	\$ 65,989,230
3. Unfunded Liability	\$ 12,303,170	\$ 4,003,836
4. Assets as a percent of liability	81.42%	93.93%

*Discount Rate:* The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed the contributions from Plan members will be made at the current contribution rate and that contributions from Abington will be made based on the current, actuarially determined funding policy. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

## C. GASB 68 Schedules (continued)

### Expense

The following table illustrates the assets and liabilities as of the end of the Fiscal Year used for the development of the plan expense under GASB 68:

	2018		2019	
1. Service Cost	\$	1,386,870	\$	1,408,835
2. Interest Cost				
a) Total Pension Liability at Prior Measurement Date	\$	63,815,277	\$	66,209,457
b) Service Cost at Measurement Date		1,386,870		1,408,835
c) Actual Benefit Payments		(3,742,507)		(3,826,901)
d) Discount Rate		7.50%		7.50%
e) Interest Cost	\$	4,749,817	\$	4,930,457
3. Expected Investment Return				
a) Plan Fiduciary Net Position at Prior Measurement Date	\$	59,561,822	\$	53,906,287
b) Actual Contributions-Employer		0		0
c) Actual Contributions-State Aid		552,359		518,168
d) Actual Contributions-Employee		467,457		454,359
e) Actual Benefit Payments		(3,742,507)		(3,826,901)
f) Administrative Expenses		(25,505)		(36,610)
g) Discount Rate		7.50%		7.50%
h) Expected Return	\$	4,343,366	\$	3,936,520
4. Pension Expense under GASB 68				
a) Service Cost	\$	1,386,870	\$	1,408,835
b) Interest Cost		4,749,817		4,930,457
c) Expected Investment Return		(4,343,366)		(3,936,520)
d) Employee Contributions		(467,457)		(454,359)
e) Administrative Expenses		25,505		36,610
f) Plan Changes		0		0
g) Amortization of:				
i) Liability (Gain)/Loss		(484,322)		(1,002,845)
ii) Asset (Gain)/Loss		1,469,310		62,597
iii) Assumption Changes		0		0
h) Total Expense/(Income)	\$	2,336,357	\$	1,044,775

## C. GASB 68 Schedules (continued)

### Amortization of Deferred Inflows/Outflows – 2018 Fiscal Year

The following table illustrates the amortization bases included in the Deferred Inflows/Outflows as of the Measurement Date

Date Established	Type of Base	Period		Balance		Annual Payment
		Original	Remaining	Original	Remaining	
1/1/2015	Liability (Gain)/Loss	6.72	2.72	\$ (1,966,705)	\$ (796,049)	\$ (292,664)
1/1/2015	Asset (Gain)/Loss	5.00	1.00	4,214,106	842,822	842,821
1/1/2016	Liability (Gain)/Loss	6.72	3.72	0	0	0
1/1/2016	Asset (Gain)/Loss	5.00	2.00	422,833	169,132	84,567
1/1/2017	Liability (Gain)/Loss	5.93	3.93	(1,136,534)	(753,218)	(191,658)
1/1/2017	Asset (Gain)/Loss	5.00	3.00	(4,541,096)	(2,724,658)	(908,219)
1/1/2018	Liability (Gain)/Loss	5.93	4.93	0	0	0
1/1/2018	Asset (Gain)/Loss	5.00	4.00	7,250,705	5,800,564	1,450,141
	Total Charges			\$ 4,243,309	\$ 2,538,593	\$ 984,988

## C. GASB 68 Schedules (continued)

### Amortization of Deferred Inflows/Outflows – 2018 Fiscal Year

#### Deferred Inflows/Outflows

The following table illustrates the Deferred Inflows and Outflows under GASB 68

	Deferred Outflows	Deferred Inflows
1. Difference between actual and expected experience		
a) Measurement Date December 31, 2015-Experience	\$ -	\$ (796,049)
b) Measurement Date December 31, 2016-Experience	\$ -	\$ -
c) Measurement Date December 31, 2017-Experience	\$ -	\$ (753,218)
d) Measurement Date December 31, 2018-Experience	\$ -	\$ -
2. Difference between expected and actual earnings on plan investments		
a) Measurement Date December 31, 2015	\$ 842,822	\$ -
b) Measurement Date December 31, 2016	\$ 169,132	\$ -
c) Measurement Date December 31, 2017	\$ -	\$ (2,724,658)
d) Measurement Date December 31, 2018	\$ 5,800,564	\$ -
3. Contributions made after the Measurement Date	\$ -	\$ -
4. Total	\$ 6,812,518	\$ (4,273,925)

## C. GASB 68 Schedules (continued cont.)

### Amortization of Deferred Inflows/Outflows – 2019 Fiscal Year

The following table illustrates the amortization bases included in the Deferred Inflows/Outflows as of the Measurement Date

Date Established	Type of Base	Period		Balance		Annual Payment
		Original	Remaining	Original	Remaining	
1/1/2015	Liability (Gain)/Loss	6.72	1.72	\$ (1,966,705)	\$ (503,385)	\$ (292,664)
1/1/2015	Asset (Gain)/Loss	5.00	0.00	4,214,106	0	842,822
1/1/2016	Liability (Gain)/Loss	6.72	2.72	0	0	0
1/1/2016	Asset (Gain)/Loss	5.00	1.00	422,833	84,565	84,567
1/1/2017	Liability (Gain)/Loss	5.93	2.93	(1,136,534)	(561,560)	(191,658)
1/1/2017	Asset (Gain)/Loss	5.00	2.00	(4,541,096)	(1,816,439)	(908,219)
1/1/2018	Liability (Gain)/Loss	5.93	3.93	0	0	0
1/1/2018	Asset (Gain)/Loss	5.00	3.00	7,250,705	4,350,423	1,450,141
1/1/2019	Liability (Gain)/Loss	5.27	4.27	(2,732,618)	(2,214,095)	(518,523)
1/1/2019	Asset (Gain)/Loss	5.00	4.00	(7,033,571)	(5,626,857)	(1,406,714)
	Total Charges			\$ (5,522,880)	\$ (6,287,348)	\$ (940,248)

## C. GASB 68 Schedules (continued)

### Amortization of Deferred Inflows/Outflows – 2019 Fiscal Year

#### Deferred Inflows/Outflows

The following table illustrates the Deferred Inflows and Outflows under GASB 68

	Deferred Outflows	Deferred Inflows
1. Difference between actual and expected experience		
a) Measurement Date December 31, 2015-Experience	\$ -	\$ (503,385)
b) Measurement Date December 31, 2016-Experience	\$ -	\$ -
c) Measurement Date December 31, 2017-Experience	\$ -	\$ (561,560)
d) Measurement Date December 31, 2018-Experience	\$ -	\$ -
e) Measurement Date December 31, 2019-Experience	\$ -	\$ (2,214,095)
2. Difference between expected and actual earnings on plan investments		
a) Measurement Date December 31, 2015	\$ -	\$ -
b) Measurement Date December 31, 2016	\$ 84,565	\$ -
c) Measurement Date December 31, 2017	\$ -	\$ (1,816,439)
d) Measurement Date December 31, 2018	\$ 4,350,423	\$ -
e) Measurement Date December 31, 2019	\$ -	\$ (5,626,857)
3. Contributions made after the Measurement Date	\$ -	\$ -
4. Total	\$ 4,434,988	\$ (10,722,336)

## C. GASB 68 Schedules (continued)

### Sensitivity

The following table illustrates the impact of interest rate sensitivity on the Net Pension Liability for the 2019 Fiscal Year:

	1% Decrease 6.50%	Current Rate 7.50%	1% Increase 8.50%
1. Total Pension Liability	\$ 73,584,005	\$ 65,989,230	\$ 59,505,479
2. Plan Fiduciary Net Position	\$ 61,985,394	\$ 61,985,394	\$ 61,985,394
3. Net Pension Liability	\$ 11,598,611	\$ 4,003,836	\$ (2,479,915)

## C. GASB 68 Schedules (continued)

### Changes in Net Pension Liability and Related Ratios

Fiscal Year Ending	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total Pension Liability									
Service Cost	N/A	N/A	N/A	N/A	\$ 1,465,990	\$ 1,575,939	\$ 1,290,112	\$ 1,386,870	\$ 1,408,835
Interest Cost	N/A	N/A	N/A	N/A	4,243,608	4,376,524	4,622,097	4,749,817	4,930,457
Changes in Benefit Terms	N/A	N/A	N/A	N/A	0	0	0	0	0
Differences between expected and actual experience	N/A	N/A	N/A	N/A	(1,966,705)	0	(1,136,534)	0	(2,732,618)
Changes in assumptions	N/A	N/A	N/A	N/A	0	0	0	0	0
Benefit Payments	N/A	N/A	N/A	N/A	(1,973,120)	(2,188,146)	(2,596,497)	(3,742,507)	(3,826,901)
Net Change in Total Pension Liability					\$ 1,769,773	\$ 3,764,317	\$ 2,179,178	\$ 2,394,180	\$ (220,227)
Total Pension Liability (Beginning)	N/A	N/A	N/A	N/A	56,102,009	57,871,782	61,636,099	63,815,277	66,209,457
Total Pension Liability (Ending)	N/A	N/A	N/A	\$ 56,102,009	\$ 57,871,782	\$ 61,636,099	\$ 63,815,277	\$ 66,209,457	\$ 65,989,230
Plan Fiduciary Net Position									
Contributions-Employer	N/A	N/A	N/A	N/A	\$ 1,139,029	\$ 782,023	\$ 672,666	\$ 552,359	\$ 518,168
Contributions-Employee	N/A	N/A	N/A	N/A	472,704	530,640	495,738	467,457	454,359
Net Investment Income	N/A	N/A	N/A	N/A	(425,016)	3,281,954	8,407,254	(2,907,339)	10,970,091
Benefit Payments	N/A	N/A	N/A	N/A	(1,973,120)	(2,188,146)	(2,596,497)	(3,742,507)	(3,826,901)
Administrative Expense	N/A	N/A	N/A	N/A	(55,380)	(33,453)	(32,991)	(25,505)	(36,610)
Other	N/A	N/A	N/A	N/A	0	0	0	0	0
Net Change in Fiduciary Net Position	N/A	N/A	N/A	N/A	\$ (841,783)	\$ 2,373,018	\$ 6,946,170	\$ (5,655,535)	\$ 8,079,107
Plan Fiduciary Net Position (Beginning)	N/A	N/A	N/A	N/A	51,084,417	50,242,634	52,615,652	59,561,822	53,906,287
Plan Fiduciary Net Position (Ending)	N/A	N/A	N/A	\$ 51,084,417	\$ 50,242,634	\$ 52,615,652	\$ 59,561,822	\$ 53,906,287	\$ 61,985,394
Net Pension Liability (Ending)	N/A	N/A	N/A	\$ 5,017,592	\$ 7,629,148	\$ 9,020,447	\$ 4,253,455	\$ 12,303,170	\$ 4,003,836

## C. GASB 68 Schedules (continued)

### Schedule of Net Pension Liability

Fiscal Year Ending	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total Pension Liability	N/A	N/A	N/A	N/A	\$ 57,871,782	\$ 61,636,099	\$ 63,815,277	\$ 66,209,457	\$ 65,989,230
Plan Fiduciary Net Position	N/A	N/A	N/A	N/A	50,242,634	52,615,652	59,561,822	53,906,287	61,985,394
Net Pension Liability (Ending)	N/A	N/A	N/A	N/A	\$ 7,629,148	\$ 9,020,447	\$ 4,253,455	\$ 12,303,170	\$ 4,003,836
Net Position as a % of Pension Liability	N/A	N/A	N/A	N/A	86.82%	85.36%	93.33%	81.42%	93.93%
Covered Employee Payroll					\$ 11,550,355	\$ 12,070,121	\$ 10,152,399	\$ 10,609,257	\$ 9,109,039
Net Pension Liability as a % of Payroll					66.05%	74.73%	41.90%	115.97%	43.95%

## C. GASB 68 Schedules (continued)

### Actuarially Determined Contribution

Fiscal Year Ending	2011	2012	2013	2014	2015	2016	2017	2018	2019
Actuarially Determined Contribution									
Contributions made	N/A	N/A	N/A	N/A	\$ 1,611,733	\$ 1,312,663	\$ 1,168,404	\$ 1,019,816	\$ 972,527
Contribution Deficiency/(Excess)	N/A	N/A	N/A	N/A	0	0	0	0	0
Covered Employee Payroll	N/A	N/A	N/A	N/A	\$ 11,550,355	\$ 12,070,121	\$ 10,152,399	\$ 10,609,257	\$ 9,109,039
Contributions as a percent of covered employee payroll					13.95%	10.88%	11.51%	9.61%	10.68%

## D. Plan Fiduciary Net Position

The following table illustrates the projection of the fiduciary net position for use in the calculation of the discount rate as of December 31, 2019.

Year Beginning January 1	Beginning Fiduciary Net Position (a)	Total Contributions (b)	Benefit Payments (c)	Investment Earnings (d)	Ending Fiduciary Net Position <sup>1</sup> (e)
2020	\$61,985,394	\$1,124,075	\$3,602,499	\$4,611,797	\$64,118,767
2021	64,118,767	1,105,004	3,782,733	4,764,295	66,205,333
2022	66,205,333	1,081,319	3,987,108	4,912,124	68,211,668
2023	68,211,668	1,048,249	4,221,481	5,052,220	70,090,656
2024	70,090,656	1,009,526	4,463,531	5,182,082	71,818,733
2025	71,818,733	964,852	4,658,311	5,301,772	73,427,046
2026	73,427,046	924,301	4,925,993	5,410,333	74,835,687
2027	74,835,687	880,766	5,190,111	5,503,815	76,030,157
2028	76,030,157	846,602	5,482,260	5,580,991	76,975,490
2029	76,975,490	796,624	5,768,022	5,638,512	77,642,604
2030	77,642,604	760,387	6,048,501	5,676,375	78,030,865
2031	78,030,865	712,132	6,292,912	5,693,638	78,143,723
2032	78,143,723	667,971	6,560,939	5,689,757	77,940,512
2033	77,940,512	626,013	6,762,129	5,664,589	77,468,985
2034	77,468,985	584,122	7,020,748	5,617,367	76,649,726
2035	76,649,726	537,090	7,206,006	5,546,151	75,526,961
2036	75,526,961	493,938	7,401,693	5,452,112	74,071,318
2037	74,071,318	452,915	7,510,401	5,336,199	72,350,031
2038	72,350,031	604,776	7,648,540	5,213,836	70,520,103
2039	70,520,103	760,138	7,706,638	5,086,285	68,659,888
2040	68,659,888	908,128	7,799,955	4,954,724	66,722,785
2041	66,722,785	1,061,655	7,848,908	4,819,305	64,754,837
2042	64,754,837	1,210,407	7,952,062	4,679,390	62,692,572
2043	62,692,572	1,354,754	7,961,432	4,535,229	60,621,123
2044	60,621,123	1,499,744	7,914,889	4,392,314	58,598,292
2045	58,598,292	1,650,385	7,835,449	4,254,577	56,667,805
2046	56,667,805	1,789,406	7,814,259	4,120,931	54,763,883
2047	54,763,883	1,923,813	7,776,516	3,989,489	52,900,669
2048	52,900,669	2,056,028	7,705,867	3,862,045	51,112,875
2049	51,112,875	2,182,952	7,609,970	3,740,712	49,426,569
2050	49,426,569	2,302,812	7,484,276	3,627,465	47,872,570
2051	47,872,570	2,420,340	7,309,021	3,525,637	46,509,526
2052	46,509,526	1,413,045	7,081,327	3,355,535	44,196,779
2053	44,196,779	1,149,781	6,841,857	3,170,405	41,675,108
2054	41,675,108	1,151,247	6,656,962	2,987,621	39,157,014
2055	39,157,014	1,104,152	6,440,008	2,802,543	36,623,701

<sup>1</sup> (e)=(a) + (b) – (c) + (d)

## D. Plan Fiduciary Net Position Projection (continued)

The following table illustrates the projection of the fiduciary net position for use in the calculation of the discount rate as of December 31, 2019.

Year Beginning January 1	Beginning Fiduciary Net Position (a)	Total Contributions (b)	Benefit Payments (c)	Investment Earnings (d)	Ending Fiduciary Net Position <sup>1</sup> (e)
2056	\$36,623,701	\$1,063,639	\$6,181,386	\$2,618,223	\$34,124,177
2057	34,124,177	1,014,988	5,907,227	2,436,349	31,668,287
2058	31,668,287	963,458	5,638,566	2,257,347	29,250,526
2059	29,250,526	916,344	5,341,470	2,082,495	26,907,895
2060	26,907,895	865,203	5,036,128	1,913,252	24,650,222
2061	24,650,222	814,162	4,729,998	1,750,416	22,484,802
2062	22,484,802	763,380	4,426,281	1,594,437	20,416,338
2063	20,416,338	713,815	4,122,725	1,445,816	18,453,244
2064	18,453,244	664,016	3,824,742	1,304,891	16,597,409
2065	16,597,409	615,394	3,533,404	1,171,876	14,851,275
2066	14,851,275	567,850	3,250,526	1,046,884	13,215,483
2067	13,215,483	521,789	2,977,042	929,962	11,690,192
2068	11,690,192	477,277	2,713,108	821,122	10,275,483
2069	10,275,483	434,359	2,458,713	720,373	8,971,502
2070	8,971,502	392,990	2,214,123	627,716	7,778,085
2071	7,778,085	353,247	1,980,453	543,104	6,693,983
2072	6,693,983	315,354	1,758,690	466,428	5,717,075
2073	5,717,075	279,457	1,549,681	397,512	4,844,363
2074	4,844,363	245,687	1,354,812	336,093	4,071,331
2075	4,071,331	214,307	1,175,367	281,810	3,392,081
2076	3,392,081	185,510	1,011,662	234,224	2,800,153
2077	2,800,153	159,289	863,144	192,868	2,289,166
2078	2,289,166	135,539	729,412	157,270	1,852,563
2079	1,852,563	114,204	610,065	126,947	1,483,649
2080	1,483,649	95,214	504,705	101,405	1,175,563
2081	1,175,563	78,511	412,776	80,144	921,442
2082	921,442	63,980	333,503	62,667	714,586
2083	714,586	51,501	266,319	48,481	548,249
2084	548,249	40,983	210,193	37,108	416,147
2085	416,147	32,228	163,841	28,106	312,640
2086	312,640	25,021	126,126	21,074	232,609
2087	232,609	19,188	95,936	15,651	171,512
2088	171,512	14,542	72,165	11,522	125,411
2089	125,411	10,902	53,724	8,413	91,002
2090	91,002	8,089	39,586	6,098	65,603
2091	65,603	5,941	28,909	4,391	47,026
2092	47,026	4,329	20,991	3,144	33,508
2093	33,508	3,138	15,181	2,237	23,702
2094	23,702	2,267	10,924	1,580	16,625

<sup>1</sup> (e)=(a) + (b) – (c) + (d)

## D. Plan Fiduciary Net Position Projection (continued)

The following table illustrates the projection of the fiduciary net position for use in the calculation of the discount rate as of December 31, 2019.

Year Beginning January 1	Beginning Fiduciary Net Position (a)	Total Contributions (b)	Benefit Payments (c)	Investment Earnings (d)	Ending Fiduciary Net Position <sup>1</sup> (e)
2095	\$16,625	\$1,627	\$7,814	1,106	11,544
2096	11,544	1,162	5,553	766	7,919
2097	7,919	824	3,909	524	5,358
2098	5,358	577	2,719	353	3,569
2099	3,569	402	1,865	235	2,341
2100	2,341	273	1,259	154	1,509
2101	1,509	183	834	99	957
2102	957	121	543	63	598
2103	598	76	347	39	366
2104	366	50	218	24	222
2105	222	31	134	14	133
2106	133	19	82	9	79
2107	79	12	50	5	46
2108	46	8	30	3	27
2109	27	4	18	2	15
2110	15	2	11	1	7
2111	7	2	6	0	3
2112	3	0	3	0	0
2113	0	0	1	0	0
2114	0	0	0	0	0
2115	0	0	0	0	0
2116	0	0	0	0	0
2117	0	0	0	0	0
2118	0	0	0	0	0

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<sup>1</sup> (e)=(a) + (b) – (c) + (d)

## D. Plan Fiduciary Net Position Projection (continued)

A single discount rate of 7.50% was used to measure the total pension liability. This single discount rate was based on a blend based on the expected long-term rate of return on pension plan investments of 7.50%. The projection of cash flows used to determine the single discount rates assumes that employer contributions will be made based on the current funding policy (contributions equal to the employer normal cost plus the closed level dollar amortization of the projected unfunded employer liability as of December 31, 2019 over the future working lifetime of the group). Based on these assumptions, the pension plan's fiduciary net position was projected to be sufficient to make all projected future benefit payments on behalf of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

In projecting the Plan's fiduciary net position the following assumptions were made:

1. Interest rate for discounting was 7.50% per annum.
2. Projected total contributions are employer contributions to the unfunded actuarial accrued liability and normal cost. This includes expected employee contributions.
3. Assumed contributions are based on employee contributions plus the contribution policy of Abington Township contributing the value of the employer normal cost plus the closed level dollar amortization of the projected unfunded employer liability as of December 31, 2019 over the future working lifetime of the group.
4. Projected benefit payments are based on the closed group of active, retired members and beneficiaries as of fiscal year ending December 31, 2018. Benefit payments are assumed to be paid at mid-year.
5. Projected investment earnings are based on the assumed investment rate of return of 7.50% per annum.
6. The bond yield index is 2.74% as of the measurement date.

## E. Distribution of Inactive Participants by Age and Years of Retirement as of January 1, 2019

<i>Part I - Retired Members</i>			<i>Part II - Members Terminated with Vesting</i>		
Age	Number	Annual Pensions Payable	Age	Number	Annual Projected Pension
Under 30			Under 25		
30 - 34	1	\$19,129	25 - 29		
35 - 39			30 - 34		
40 - 44			35 - 39		
45 - 49			40 - 44		
50 - 54			45 - 49	2	\$29,358
55 - 59	3	\$86,444	50 - 54	2	\$18,448
60 - 64	19	\$839,148	55 - 59	3	\$31,697
65 - 69	25	\$700,168	60 - 64	5	\$53,541
70 - 74	34	\$930,916	65 - 69		
75 - 79	15	\$328,466	Over 69		
80 - 84	11	\$207,809			
Over 84	18	\$186,143			
Totals	126	\$3,298,223	Totals	12	\$133,044

## F. Distribution of Active Participants by Age and Service as of January 1, 2019

Part III – Distribution by Age and Service											
		YEARS OF SERVICE									
AGE		0	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+
Under 20	No. of Members Payroll (\$000)										
20 - 24	No. of Members Payroll (\$000)										
25 - 29	No. of Members Payroll (\$000)		3 162	4 231							
30 - 34	No. of Members Payroll (\$000)			5 333	1 66						
35 - 39	No. of Members Payroll (\$000)			8 503	4 275	1 80					
40 - 44	No. of Members Payroll (\$000)		3 170	2 155	3 192	7 555					
45 - 49	No. of Members Payroll (\$000)		2 136	4 250	5 318	8 579	1 65				
50 - 54	No. of Members Payroll (\$000)		1 50	6 350	6 375	3 214	4 305	7 576	2 166		
55 - 59	No. of Members Payroll (\$000)			3 215	3 195	3 185	1 71	8 664		2 139	
60 - 64	No. of Members Payroll (\$000)		1 42	3 217	4 292	5 293	2 150	1 71	1 87	1 66	
65 & Over	No. of Members Payroll (\$000)			1 42	3 199		1 65	1 80			
Total Members		0	10	36	29	27	9	17	3	3	0
Total Annual Payroll (\$000)		0	560	2,296	1,912	1,906	656	1,391	253	205	0

## G. Actuarial Methods and Assumptions

### 1. Cost Method - Entry Age Normal Actuarial Cost Method

The Cost Method is called the Entry Age Normal Cost Method. The Normal Cost is calculated for each participant as the contribution required, as a level percentage of compensation over the participant's entire period of credited service, to provide his or her projected pension benefits. This contribution is assumed to be payable over a period commencing on the date on which the participant first met the funding eligibility conditions and ending on the assumed retirement date. That percentage, applied to the current year compensation, yields the current year Normal Cost for that participant. The total Normal Cost is the aggregate of the individual Normal Costs. The Plan Sponsor's Normal Cost is the total Normal Cost less that part of the total participant contributions due to be made during the year which is expected to be available at assumed retirement date.

The Plan Sponsor's Accrued Actuarial Liability, as of any date, is determined as the excess of the total present value of benefits for both active and nonactive lives, over the total present value of both future normal costs and future employee contributions. This is also equal to the accumulated total of past Normal Costs, assuming this cost method and these assumptions, for this group of participants.

Each year actuarial gains and losses occur since actuarial experience under the Plan will vary from the actuarial assumptions. All gains and losses will be determined each year and amortized from date of inception.

### 2. Actuarial Assumptions

*Unless otherwise specified, the same assumptions have been used for the determination of the Contribution Range and Accumulated Plan Benefits.*

#### a. Mortality

RP-2000 projected to 2017 using Scale AA with separate rates for males/females and annuitants/non-annuitants.

#### Expected Mortality Percentages in the Next Year

<u>Age</u>	<u>Males</u>	<u>Females</u>	<u>Age</u>	<u>Males</u>	<u>Females</u>
20	0.0187%	0.0114%	45	0.0992%	0.0671%
25	0.0273	0.0132	50	0.1196	0.0968
30	0.0378	0.0191	55	0.1639	0.1953
35	0.0658	0.0333	60	0.2911	0.3348
40	0.0834	0.0435	65	0.9567	0.9189

#### b. Interest

7.5% compounded annually.

## G. Actuarial Methods and Assumptions (continued)

### 2. Actuarial Assumptions (cont.)

#### d. Retirement

A scale varying by age with rates as follows:

<u>Age</u>	<u>Probability of Retiring</u>
57	15%
58-63	10
64	20
65	45
66-68	33
69	100

#### d. Turnover

A scale varying by age with illustrative annual percentages of termination as follows:

<u>Percentage of Participants Expected to Terminate in the Next Year</u>	
<u>Age</u>	<u>Males &amp; Females</u>
25	5.036%
30	4.717
35	4.238
40	3.614
45	2.710
50	0.908
55	0.117

#### e. Salary Increase

##### ***Determination of Contribution Range***

Salaries are assumed to increase by an amount equal to 4.5% of the salary at the beginning of that year.

<u>Age</u>	<u>Final Salary as a Percentage of Current Salary</u>
25	582%
30	467
40	301
55	155
65	100

##### ***Accumulated Plan Benefits***

Past salaries are discounted at the same rate as described above. Future salaries are assumed to remain at the same level as on the valuation date.

## G. Actuarial Methods and Assumptions (continued)

### 2. Actuarial Assumptions (cont.)

- |                                    |   |
|------------------------------------|---|
| f. <u>Valuation Assets</u>         | Market Value of Assets.   |
| g. <u>Cost of Living Increases</u> | Future cost of living increases were assumed to be 3% per year with an aggregate maximum of 24%. (50% for participants retiring on or after January 1, 2001). |
| h. <u>Contribution Timing</u>      | Employer and Employee contributions are assumed to be made evenly throughout the year with State Aid assumed to be paid at the end of the year.               |
| i. <u>Valuation Date</u>           | January 1, 2019   |
| j. <u>Measurement Date</u>         | December 31, 2019   |
| k. <u>Fiscal Year Ending</u>       | December 31, 2019   |

## H. Summary of the Principal Plan Provisions

**NOTE:** Any ambiguities or questionable provisions in this summary should be resolved by reference to the official Plan Document. This summary is not intended to be a source document, but merely an instrument of convenience for the administration of the Plan.

1. **Effective Date** December 1, 1952, most recently amended as of January 1, 2001.
2. **Eligibility**

Any Employee may become a Participant on the first day of the month coincident with or next following commencement of employment, provided he agrees to make the necessary contributions. A Participant may cease contributing and receive contributions with interest, or a deferred vested benefit. After 24 months he can again contribute as a new Participant.

Employees hired on or after January 1, 2016 are not eligible to participate in the defined benefit plan.
3. **Contributions** Participants contribute 5.0% of annual salary.
4. **Credited Service** For Employees who became Participants on January 1, 1971 or when first eligible to join the Plan, Credited Service is the total period, in years and months, of continuous service as a Participant. For all other Participants, Credited Service is the total period, in years and months, of continuous service as a Participant.
5. **Final Average Compensation** One thirty-sixth of the Participant's aggregate earnings from employment by the Township during the 36-month period as an Employee which yields the highest average.
6. **Retirement Dates**
  - a. **Normal Retirement** The first day of the month coincident with or next following the earlier of age 65 or when combination of age and service equal 85.
  - b. **Early Retirement** The first day of the month coincident with or next following the Participant's 55th birthday and completion of 10 years of Credited Service.
  - c. **Deferred Retirement** The first day of the month coincident with or next following the Participant's actual retirement day after Normal Retirement Date.
  - d. **Disability** The first day of the month coincident with or next following date the Participant suffers a Total Disability, provided the Participant has completed 5 years of Credited Service.
7. **Accrued Benefit** A Participant's Accrued Benefit is equal to 2% of Final Average Earnings multiplied by years and months of Credited Service.

## H. Summary of the Principal Plan Provisions (continued)

### 8. Benefit Formula

- a. Normal Retirement A Participant's benefit at Normal Retirement Date is equal to the Accrued Benefit at Normal Retirement Date.
- b. Early Retirement A Participant's benefit at Early Retirement Date is equal to the Accrued Benefit as of Early Retirement Date, reduced by 1/4% for each month that Early Retirement Date precedes Normal Retirement Date.
- c. Deferred Retirement A Participant's benefit at Deferred Retirement Date is equal to the Accrued Benefit as of Deferred Retirement Date.
- d. Disability A Participant's benefit commences at Normal Retirement Date. Benefits continue to accrue to later of Normal Retirement Date or the date on which benefits payable from the Long Term Disability Insurance cease.
- e. Cost of Living Increase Annual cost of living increases will be applied each January 1st, and shall be equal to the lesser of the percentage increase in the Consumer Price Index occurring over the preceding calendar year, or 4%. It is applicable to all employees who retire on or after January 1, 1991. The total Cost of Living Increase may not exceed 24%. (For employees who retire on or after January 1, 2001, the total cost of living increase may not exceed 50%.)

### 9. Benefits Upon Termination of Employment - Vesting

A Participant is 100% vested in his own contributions with interest. The Accrued Benefit attributable to Township contributions shall be 100% vested after completion of 5 years of Credited Service.

### 10. Death Benefits

- a. Before Retirement Beneficiary shall receive the Employee's contributions with 3% interest prior to January 1, 1982, and 5% interest after January 1, 1982. Should a participant continue working after attaining normal retirement age, the participant can designate an optional form of benefit to provide a spousal benefit in the event of the participant's death prior to actual retirement.
- b. After Retirement Death Benefits for participants who die after retiring, if any, will be based on the optional form of benefit elected at retirement.

## H. Summary of the Principal Plan Provisions (continued)

11. **Normal Form of Benefits**

The normal form of benefits is a life annuity with guaranteed return of employee contributions with interest.

12. **Optional Benefit Forms**

Straight life annuity, 5 years certain and continuous, 10 years certain and continuous, 50%, 66 2/3%, 75% and 100% Joint and Survivor are all available. A Social Security adjustment option is also available which provides the Participant with level payments before and after commencement of Social Security Benefits.

## About Aon

Aon plc (NYSE:AON) is a leading global professional services firm providing a broad range of risk, retirement and health solutions. Our 50,000 colleagues in 120 countries empower results for clients by using proprietary data and analytics to deliver insights that reduce volatility and improve performance.

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